ENERGY FACILITY SITE EVALUATION COUNCIL
Docket No. 99-1
☑ Received
☐ Rejected
Exhibit No. 1

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ENERGY FACILITY SITE EVALUATION COUNCIL

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application No. 99-1: SUMAS ENERGY 2 GENERATION FACILITY	PARTIAL SETTLEMENT AGREEMENT BETWEEN WASHINGTON UTILITIES AND TRANSPORATION COMMISSION AND SUMAS ENERGY 2 CONCERNING NATURAL GAS PIPELINE ISSUES

Sumas Energy 2, Inc. ("SE2") has filed an application with the Washington State Energy Facility Site Evaluation Council ("EFSEC") requesting a site certification agreement to allow construction and operation of the proposed Sumas Energy 2 Generation Facility ("the Project"). The Washington Utilities and Transportation Commission ("WUTC") has intervened in these proceedings as a "member agency" as described in RCW 80.50.030(3).

In addition to its other interests in this Project, the WUTC has an interest in ensuring that the Project is designed, constructed, operated and maintained in compliance with all applicable federal and state rules and regulations. The WUTC has jurisdiction under Revised Code of Washington Chapter 80.28 to regulate the construction, operation and maintenance of interstate natural gas pipelines. In resolution only of the WUTC's concerns over the construction, operation and maintenance of a natural gas pipeline as a part of the project, the Applicant and WUTC hereby stipulate as follows:

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1. In addition to all state and federal regulatory requirements discussed below, SE2 shall design, construct, operate and maintain the natural gas pipeline in accordance with the specifications outlined in Appendix A to this Agreement.

2. During the design, construction, operation, and maintenance of the Project, SE2 shall comply with WUTC rules and regulations governing natural gas pipelines, WAC chapter 480-93, and with applicable federal pipeline safety rules and regulations, including those rules set forth in 49 C.F.R. Parts 191 and 192.

3. SE2 shall prepare comprehensive written specifications and standards for the Project consistent with regulations set forth in 49 C.F.R. Part 192. Specifications shall include a map that identifies the pipeline and its components. SE2 shall file such comprehensive written specifications and standards for the Project with EFSEC and WUTC at least 90 days prior to the start of construction or reconstruction of the Project. SE2 shall also notify EFSEC and WUTC at least 30 days in advance of initial ground breaking.

4. The WUTC shall notify SE2 and EFSEC of any noncompliance of the comprehensive written specifications and standards with the regulations set forth in the Washington Administrative Code (WAC) 480-93 and 49 C.F.R. Part 192. The WUTC shall submit a noncompliance report to SE2 and EFSEC within 45 days of completion of the audit.

5. The WUTC shall monitor the design, construction, operation and maintenance of the Project. If the WUTC becomes aware of any noncompliance with state or federal regulations during the design, construction, operation and maintenance of the Project, the WUTC shall notify SE2 and EFSEC, and the Applicant may be subject to appropriate enforcement action by the WUTC as authorized by R.C.W. 80.28.212.

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6. SE2 shall report to the WUTC any accident or safety related condition at the same time the accident or condition is reported to the U.S. Department of Transportation, Office of Pipeline Safety.

SE2 and the WUTC further agree and jointly request that the terms of this stipulation be incorporated into any certification agreement issued by EFSEC in this proceeding.

DATED: May 10, 2000.

PERKINS COIE LLP

By _____
Karen M. McGaffey
Charles R. Blumenfeld
Attorneys for Sumas Energy 2, Inc.

DATED: May 11, 2000.

Christine O. Gregoire, Attorney General

By _____
Ann E. Rendahl
Assistant Attorney General
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Appendix A
to
Settlement Agreement between WUTC and SE2

The Project for which SE2 seeks a site certification agreement pursuant to R.C.W. chapter 80.50, includes a 16-inch natural gas line extending approximately 5.5 miles from the West Coast Pipeline located at the U.S.-Canada border to the project site in Sumas, Washington. SE2 proposes to design, construct, operate and maintain the pipeline in compliance with federal and state law, and in many instances, to exceed existing regulatory requirements:

1. The pipeline will be designed as follows:

a. Pipe. The pipeline will be constructed using electric resistance welded low carbon steel pipe API-5L, X56 or better. The pipe will be designed for a maximum hoop strength less than 20% of the specified minimum yield strength (SMYS). The pipe will have a longitudinal joint factor (E) of 1.00.

b. Specified Minimum Yield Strength. The pipeline will be constructed of pipe having a specified minimum yield strength of at least 56,000 psi.

c. Pipe Thickness. The pipeline will be constructed of pipe that is 0.375 inches thick, which is roughly twice the thickness that federal regulations require for pipelines, such as this, that are located in Class I areas. In fact, this pipe will exceed thickness requirements for pipelines located in Class IV areas.

d. Flexibility. The pipeline will be designed to prevent thermal expansion or contraction from causing excessive stresses in the pipe or associated components as defined in 40 C.F.R. § 192.159.

e. External Pipe Coating. In order to resist corrosion, the pipeline will be coated with fusion-bonded epoxy overlain with a layer of extruded polyethylene.

f. Valves & Flanges. Valves will meet or exceed the minimum requirements found in 40 C.F.R. § 192.145. Flanges will meet or exceed the minimum requirements found in 40 C.F.R. § 192.147.

g. Welds. Pipeline joints will be welded by qualified welders following written welding procedures specifying the methods for welding all required pipeline joints. Welding procedures and pipeline welders will be qualified in accordance with API Standard 1104. The procedures will be submitted to the WUTC for approval prior to construction. During construction, welder qualification records will be available as required by 40 C.F.R. § 192.227, and will include a Coupon Test Report.

h. Depth. The pipeline will be buried a minimum of 4 ½ feet (to the top of the pipe) to minimize the possibility of inadvertent third-party damage. Warning tape will be placed in the trench above the pipeline to warn anyone excavating of the pipeline's location.

i. Bedding. Pipeline bedding and shading material will consist of sand or sand-like material, with a minimum of 6 inches of fine materials no larger than 3/8-inch to protect the pipe and coating. Bedding will cover the entire pipeline.

j. Operating Temperature. The gas operating temperature is expected to be no higher than 60 degrees F. The temperature derating factor (T) will be 1.00. (See 40 C.F.R. § 192.115.)

k. Cathodic Protection. The pipeline will be further protected from corrosion by a Sacrificial Anode Cathodic Protection System, with sacrificial anode beds installed at intervals along the pipeline. The system will be designed based on the results of a site-specific cathodic protection survey. Test stations will be installed at several locations along the line to facilitate monitoring of the system.

l. Emergency Valves. The pipeline will have two isolation valves. An emergency shut down valve will be installed at the regulator station within twenty feet of the border. A second valve will be located at the SE2 facility. The valves at the regulator station and at the SE2 facility will have blow down stations that will allow for the safe release of natural gas to the atmosphere in a safe manner. They will have manual valves and vertical stacks made of carbon steel pipe that rise to at least 10 feet above ground surface. A remote shutoff valve operated from the facility main control room will be installed at the border pressure reducing station.

m Control System. Pressure monitoring devices will be installed at each end of the pipeline to monitor the pressure drop of the pipeline. The pressure signal at the border pressure regulating station will be transmitted to the control room at the facility. The facility supervisory control system will be designed to send a signal to close the emergency shut down valve at the border station under high or low pressure conditions, or if the rate of pressure decay exceeds established parameters.

n. Pressure Regulation and Overpressure Protection. A pressure regulation station will be designed to include overpressure protection to prevent the line pressure from exceeding maximum allowable operating pressure (MAOP). The maximum operating pressure will not exceed 499 psig. SE2 shall request approval from WUTC to

operate the pipeline at pressure exceeding 250 psig that is within 100 feet of buildings as required by WAC 480-93-030 Prescribed Areas.

2. During and immediately following construction, the following tests will be performed to ensure pipeline integrity:

a. Welds. 100% of the welds will be inspected radiographically, by a qualified radiographer. Any defects found in welds will be replaced or repaired. All repaired welds will be radiographed again to ensure their integrity.

b. Coating. The entire pipeline coating will be "jeeped" just prior to lowering into the trench to detect holidays and other defects in the coating. Any flaws detected will be repaired.

c. Hydrostatic Testing. SE2 will conduct a 24-hour hydrostatic pressure test at at least 150% of MAOP for the two segments of the pipeline. The segment from the Canadian border to the pressure regulating station will be tested at at least 1200 psig, and the segment from the pressure regulating station to the facility will be tested at at least 750 psig.

d. Internal Line Inspection. Following construction, SE2 will conduct an internal line inspection with a internal inspection device commonly known as a "smart pig." Inspection device specifications will be submitted to WUTC 30 days prior to running the device. The company will submit smart pig inspection results to the WUTC upon completion along with a schedule for excavation, repairs and replacement of any defects that affect the integrity of the pipe or components.

e. Cathodic Protection Inspections. Following construction, SE2 will conduct a continuous potential survey to verify the effectiveness of the cathodic protection system. SE2 will also conduct a stray current test to check for possible interference caused by other utilities in the area.

3. The pipeline will be operated and maintained as outlined in the revised Application for Site Certification, including the following:

a. Qualified Operators. Qualified operators will operate and maintain the pipeline. Operators will comply with State and Federal Pipeline Safety regulations concerning operator training and certification. SE2 will develop operator qualification requirements prior to pipeline operation.

b. Operations and Maintenance Manual and Emergency Plan. A detailed operations manual will be developed to address standard operations and maintenance practices, and responding to abnormal operating conditions as required by 49 C.F.R. 192.605 and WAC 489-93. SE2 will develop an emergency plan to address emergency response activities as described in WAC 480-93-180 and 49 C.F.R. 192.615. The manual and plan will satisfy state and federal regulations related to pipeline operation and maintenance. They will be submitted to the WUTC 45 days prior to initial operation and subsequent changes and amendments filed promptly thereafter.

c. Leak Detection Surveys. SE2 will conduct monthly leak detection surveys, inspecting the right of way visually and with the use of flame ionization gas detectors.

d. Internal Line Inspections. SE2 will conduct inspections with internal inspection devices (smart pigs) during major plant shutdowns, which occur approximately every five years.

e. Cathodic Protection Inspections. SE2 will regularly monitor the effectiveness of the cathodic protection system. SE2 will inspect the system twice a year, and will conduct a continuous potential survey once every two years following construction.

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application No. 99-1 SUMAS ENERGY 2, INC. SUMAS ENERGY 2 GENERATION FACILITY	WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION ANSWER TO SUBJECT TO CHECK QUESTION

During the adjudicative hearing on May 15, 2000 concerning settlement agreements, Joe Subsits of the Washington Utilities and Transportation Commission (WUTC) presented testimony concerning the Partial Settlement Agreement Between Washington Utilities and Transportation Commission and Sumas Energy 2 Concerning Natural Gas Pipeline Issues. During cross examination by Mr. Bricklin, Mr. Subsits agreed to provide the citation to regulations requiring pipelines to report overpressure incidents to the WUTC. The requirement is in Washington Administrative Code section 480-93-183.

DATED this 17th day of May, 2000.

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